
HOUSE CONCURRENT RESOLUTION

REQUESTING THE GOVERNOR TO CONVENE A WORKING GROUP TO EXPLORE
RISK TRANSFER OPPORTUNITIES IN THE EVENT OF A SEVERE
DISASTER.

1 WHEREAS, the Hawaii Hurricane Relief Fund stopped writing
2 hurricane insurance in 2002 and has since been operationally
3 dormant; and
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5 WHEREAS, the Hawaii Hurricane Relief Fund has a reserve in
6 the amount of approximately \$183,000,000, which is invested in
7 bonds and the interest income of which is transferred annually
8 to the general fund; and
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10 WHEREAS, the Hawaii Hurricane Relief Fund will reenter the
11 market in response to a future scarcity in hurricane insurance
12 that may arise after a severe hurricane; and
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14 WHEREAS, if the Hawaii Hurricane Relief Fund redeploys in
15 the market, it will face a large potential property loss
16 exposure in the tens of billions of dollars in the event of a
17 severe hurricane; and
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19 WHEREAS, a severe hurricane would also create significant
20 economic loss for the public, businesses, and government in
21 Hawaii; and
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23 WHEREAS, the Hawaii Hurricane Relief Fund was designed to
24 handle a moderate hurricane loss comparable to Hurricane Iniki's
25 striking of Kauai, but in fact it faces potential losses far in
26 excess of its funding capacity; and
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28 WHEREAS, the Hawaii Hurricane Relief Fund has in the past
29 explored reinsurance risk transfer options under which a
30 significant amount of money could be paid into the Fund in the



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1 event of a severe hurricane, thus further capitalizing the
2 reserve for the benefit of the people of Hawaii; and
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4 WHEREAS, the Hawaii Hurricane Relief Fund did not pursue
5 such risk transfer options in the past because it did not want
6 to spend down principal for that purpose; and
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8 WHEREAS, the concept of risk transfer is different from
9 debt financing in that long-term liabilities are not created for
10 the Hawaii Hurricane Relief Fund or the State of Hawaii; and
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12 WHEREAS, the Hawaii Hurricane Relief Fund could benefit
13 from a transaction to increase capitalization of its reserve and
14 therefore should explore current risk transfer options and
15 consider whether to enter into such a transaction; now,
16 therefore,
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18 BE IT RESOLVED by the House of Representatives of the
19 Twenty-eighth Legislature of the State of Hawaii, Regular
20 Session of 2015, the Senate concurring, that the Governor is
21 requested to convene a working group that includes the State
22 Sustainability Coordinator and representatives from the Hawaii
23 Hurricane Relief Fund to explore risk transfer opportunities
24 that could increase moneys available in the event of a severe
25 disaster; and
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27 BE IT FURTHER RESOLVED that the Governor, through the
28 working group, submit findings and recommendations, including
29 any proposed legislation, to the Legislature not later than
30 twenty days prior to the convening of the Regular Session of
31 2016; and
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33 BE IT FURTHER RESOLVED that certified copies of this
34 Concurrent Resolution be transmitted to the Governor, the
35 Chairperson of the Board of Directors of the Hawaii Hurricane
36 Relief Fund, the Insurance Commissioner, and the State
37 Sustainability Coordinator.
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OFFERED BY: 



